

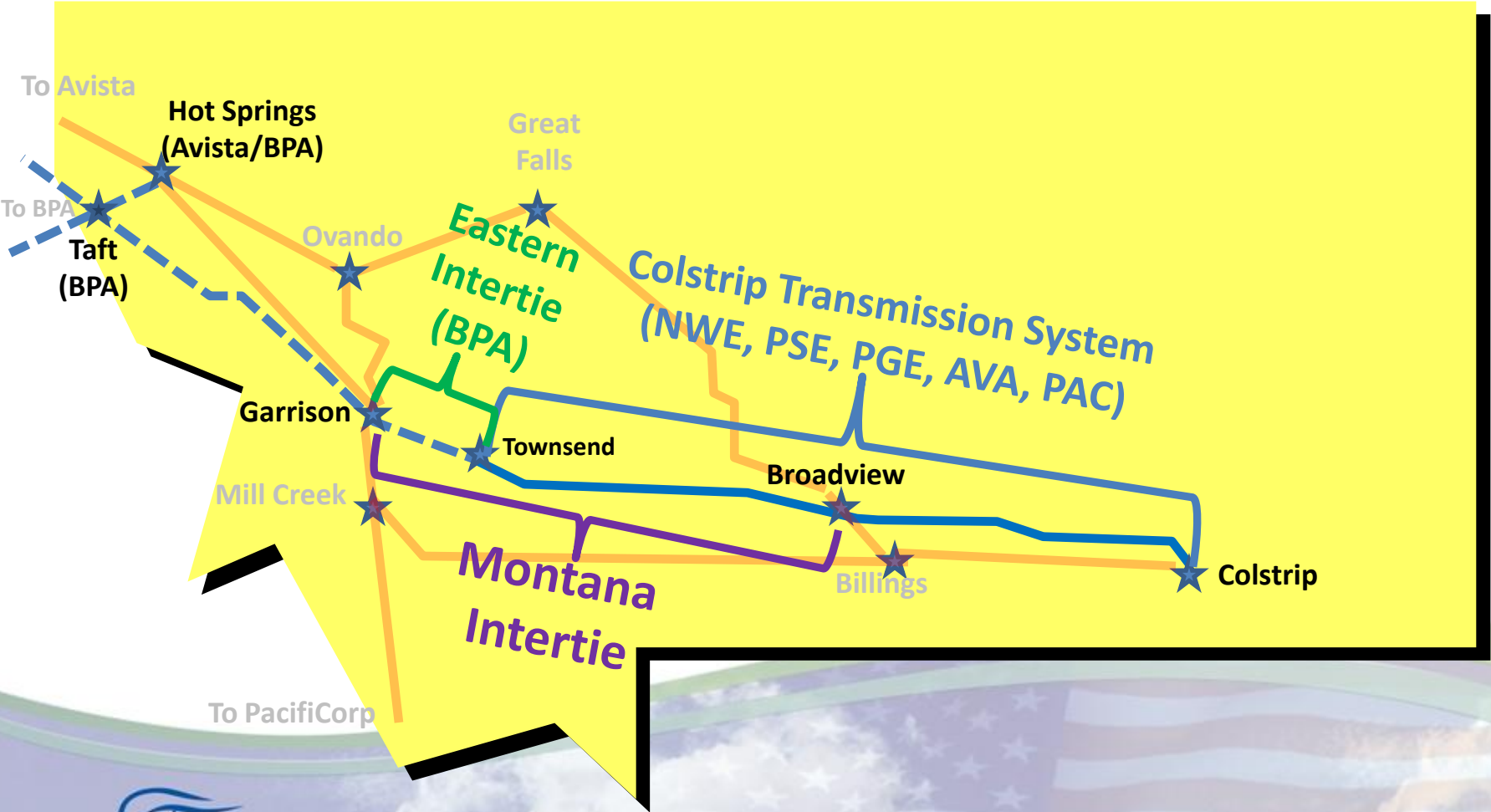
Gaelectric North America

Montana Intertie Update

October 29, 2010



Montana's 500 kV Transmission System



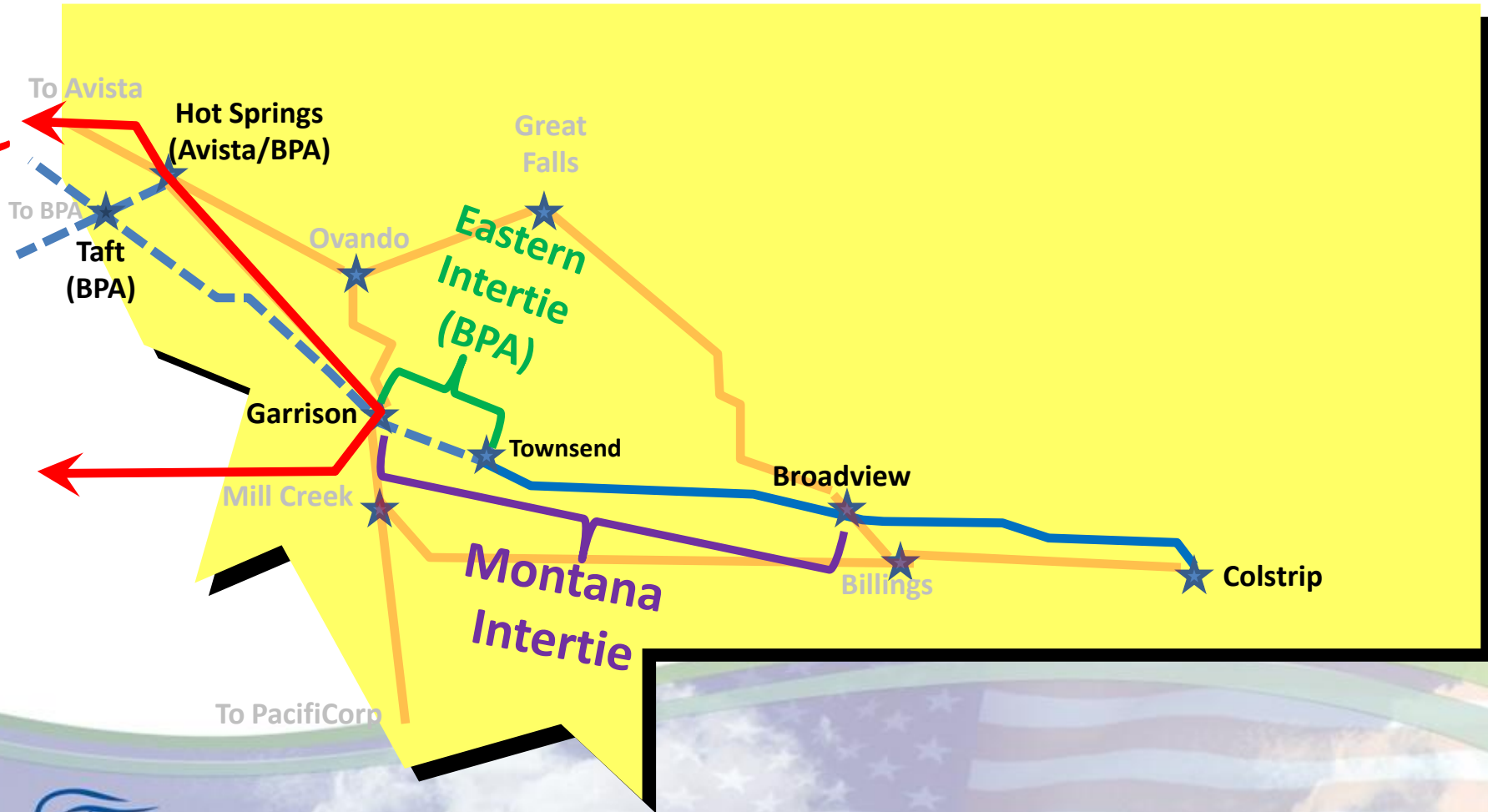
Colstrip Transmission Ownership

Owner	Ownership Rights			Capacity Rights
	Investor Owned		BPA	
	CS-BV	BV-TN	TN-GR aka Eastern Intertie	BV-GR aka MT Intertie
NWE	822.8	468.5		420.0
PSE	746.0	758.6		680.0
PGE	307.2	312.4		280.0
AVA	230.4	234.3		210.0
PAC	153.6	156.2		156.2
<u>BPA</u>	<u>-</u>	<u>-</u>	<u>1,930.0</u>	<u>185.0</u>
TOTAL	2,260.0	1,930.0	1,930.0	1,931.2

All capacities shown are MW

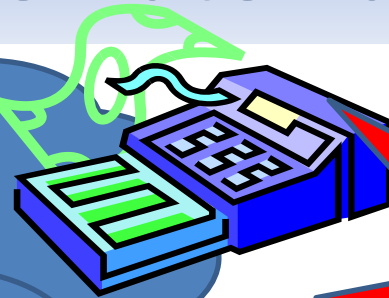
Bonneville Network vs. Intertie Rates

Bonneville Network (FCRTS)

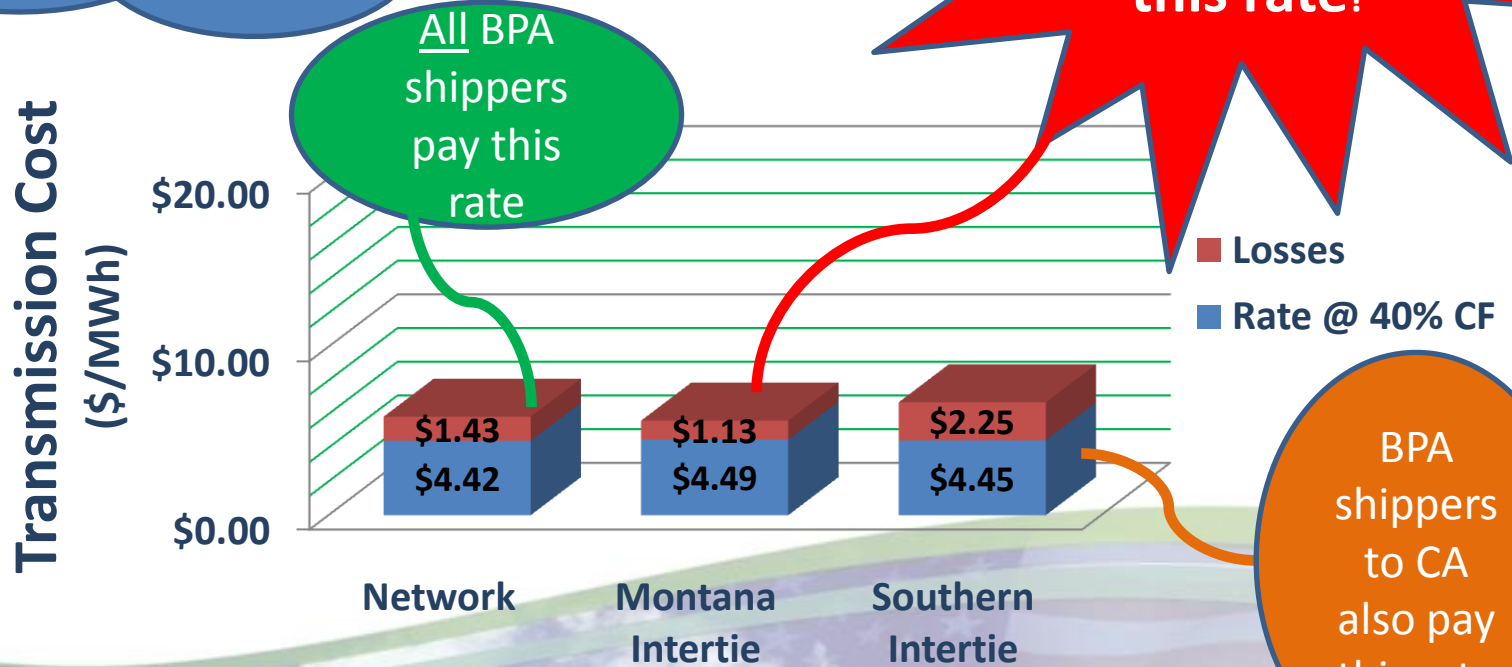


Bonneville Rate Pancake

This adds \$5.62 to customer costs !!!



Only Montana resources pay this rate!



BPA Rates

Colstrip Transmission Ownership

Preliminary Rate Impact Alternatives

for the Eastern/Montana Intertie Rates

A B C D E F

		With Exchange			Without Exchange /1		
Alternatives for Montana Intertie		Network Cost /2 Impact	IM Rate Impact	TGT Cost /2 Impact	Network Cost /2 Impact	IM Rate Impact	TGT Cost /2 Impact
1	Status Quo - Keep separate Montana Intertie transmission path	No Change	No Change	No Change	-0.46%	-54%	27%
2	Roll Costs of BPA's Montana Intertie Rights into Network costs	0.08%	Eliminated	No Change	-0.42%	Eliminated	27%
3	Roll full costs of Eastern Intertie into Network costs (no TGT payments)	N/A (exchange Eliminated)	N/A (exchange Eliminated)	N/A (exchange Eliminated)	1.82%	Eliminated	Eliminated

Notes:

- 1) Eliminating the Exchange Provision in the Montana Intertie Agreement is assumed to change BPA's share to only 16 MW. BPA will continue to market the remaining capacity and any sales forecast would be reflected in the rates.
- 2) Analysis only looks at the costs relative to the 2010 Revenue requirement (network) or the Total Annual Costs (TGT). The rate impact would be different depending on sales, and for the TGT, on each party's exchange ratio.
- 3) Because Alternative 3 would eliminate the allocation of TGT costs to Colstrip parties, the exchange, which is an adjustment to that allocation, would also be terminated.



Questions?

